

Utilization Management Area Performance Results

Part of the utilization management function is to perform analyses of the utilization of services for various populations, including high-cost providers, high-cost cases and high-cost members. **The BCBSNC utilization management department does not conduct specific analyses regarding over-utilization, under-utilization and abuse related to the SHP contract.** The audit team found no evidence that BCBSNC performed such analysis for the SHP during the audit period.

In addition, BCBSNC did not provide the SHP with sufficient detail regarding BCBSNC's return on investment analyses of medical policies and authorization requirements. BCBSNC provides general information and findings from its return on investment analyses – the net cost avoidance or savings the SHP realizes in medical expenses due to BCBSNC's utilization management activities – to the SHP. However, BCBSNC's reporting on its return on investment analyses, currently and during the audit period, for the SHP is sporadic. The audit team could not determine if the activities that the utilization management staff are performing are achieving any cost savings for the SHP. Accordingly, a thorough return on investment analysis would be necessary to determine how efficiently BCBSNC's SHP utilization management function was operating.

BCBSNC's utilization management department adequately fulfills timeliness and member and provider notification standards as set forth by the North Carolina General Statute. The audit team's review of a random sample of 48 prospective reviews, 42 concurrent reviews and 45 retrospective reviews performed by BCBSNC utilization management department during the audit period found that all the cases involving denials that the audit team reviewed included all the mandatory information as set forth by the North Carolina General Statutes. The audit team also reviewed all notification letters for the sample review cases and determined that all of them met statutory requirements for notification timeframes and included all required information to the member and provider. Furthermore, the audit team reviewed BCBSNC's utilization management standard operating procedures and confirmed written policies are consistent with North Carolina legislative mandates for notification time frames and additional informational inclusions.

The audit team also reviewed licenses for a sample of clinical staff employed in the utilization management areas for both the PPO and CMM products during the audit period and **found that licenses for all 13 sampled clinical staff were current.** In addition, the audit team **determined that, with a few exceptions, the utilization management call centers for the SHP's PPO and CMM products performed at or better than industry standards during the audit period.**